

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

In re:	)	
	)	Chapter 11
	)	
FIELDWOOD ENERGY, LLC, <i>et al.</i> , <sup>1</sup>	)	Case No. 20-33948 (MI)
	)	
Debtors.	)	(Jointly Administered)
	)	

**DECLARATION OF EDWARD VITERBO IN SUPPORT OF  
RIDGEWOOD KATMAI, LLC AND ILX PROSPECT KATMAI, LLC’S  
OBJECTION TO DEBTORS’ JOINT CHAPTER 11 PLAN OF REORGANIZATION  
AND SCHEDULE OF ASSUMED CONTRACTS AND CURE AMOUNTS**

I, Edward Viterbo, being duly sworn, state the following under penalty of perjury:

1. I hold the position of Manager, Contracts Administration, and JV Audit at Ridgewood Energy Corporation (“Ridgewood”)—the parent company to each of Ridgewood Katmai, LLC (“Ridgewood Katmai”) and ILX Prospect Katmai, LLC (“ILX Prospect”)—where I have been employed for over fifteen years. Since 2007, I have also been responsible for the oversight of Ridgewood’s Joint Venture Audit program. I hold a Bachelor of Business Administration in Accounting from Texas A&M University and have over thirty-two years of professional oil and gas accounting experience. My business address is 1254 Enclave Parkway, Houston, Texas 77077.

2. Through my roles at Ridgewood, I have become familiar with the practices, procedures, and operations arising out of and relating to the GC 40 Unit Operating Agreement by

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<sup>1</sup> The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal tax identification number, are: Dynamic Offshore Resources NS, LLC (0158); Fieldwood Energy LLC (6778); Fieldwood Energy Inc. (4991); Fieldwood Energy Offshore LLC (4494); Fieldwood Onshore LLC (3489); Fieldwood SD Offshore LLC (8786); Fieldwood Offshore LLC (2930); FW GOM Pipeline, Inc. (8440); GOM Shelf LLC (8107); Bandon Oil and Gas GP, LLC (9172); Bandon Oil and Gas, LP (9266); Fieldwood Energy SP LLC (1971); Galveston Bay Pipeline LLC (5703); and Galveston Bay Processing LLC (0422). The Debtors’ primary mailing address is 2000 W. Sam Houston Parkway S., Suite 1200, Houston, TX 77042.

and between Ridgewood Katmai, ILX Prospect, and Fieldwood Energy LLC (“Fieldwood”), dated effective April 1, 2018 (the “UOA”), including, among other things, the primary area of operations, the principal contracts relating to the UOA, the key provisions of the UOA, the approval of Green Canyon Block 40 No. 1 Wellbore Joint Operations and the operations occurring at this location, the cash advance / cash call process for the joint account, the joint interest billing invoices, and the statement of privilege filed by Atlantic Maritime Services LLC (“Atlantic”). I am authorized to make this declaration (the “Declaration”) on behalf of Ridgewood.

3. I submit this Declaration in support of *Ridgewood Katmai, LLC and ILX Prospect Katmai, LLC’s Objection to Debtors’ Joint Chapter 11 Plan of Reorganization and Schedule of Assumed Contracts and Cure Amounts*, which is being filed concurrently herewith. The statements in this Declaration are, except as otherwise indicated, based on my personal knowledge or views, on information that I have obtained from Ridgewood’s books and records, and from information obtained by Ridgewood personnel working directly with me or under my supervision. I am not being specifically compensated for this testimony. I am over the age of 18, competent to testify, and, if called upon to testify, could and would competently testify to the facts set forth herein.

#### **UNIT OPERATING AGREEMENT**

4. As outlined and explained in this Declaration, Ridgewood Katmai and ILX Prospect have paid their entire proportionate share of the costs of the Wellbore Joint Operations that are set forth in the invoices attached to Atlantic’s Statement of Privilege.

**A. Background Regarding Operating Area and Key Contracts**

5. Effective April 1, 2018, portions of each of the following Outer Continental Shelf leases, located offshore in the Gulf of Mexico, were unitized:

- Green Canyon Block 39 (NE/4NE/4 & N/2SE/4NE/4) – OCS-G 34966;
- Green Canyon Block 40 (SE/4SW/4NW/4, N/2SW/4NW/4, NW/4NW/4, E/2NW/4, E/2, E/2SW/4 & E/2W/2SW/4) – OCS-G 34536;
- All of Green Canyon Block 41 – OCS-G 34537;
- Ewing Bank Block 1009 (SE/4SE/4) – OSC-G 34878;
- Ewing Bank Block 1010 (S/2) – OSC-G 34879; and
- Ewing Bank Block 1011 (S/2) – OCS-G 34880.

6. These unitized leases are collectively referred to as the “GCB 40 Unit.”

7. The record title interests for each of the leases in the GCB 40 Unit are set forth below as follows: (1) Fieldwood Energy LLC – 50.00%; (2) Ridgewood Katmai, LLC – 25.00%; and (3) ILX Prospect Katmai, LLC – 25.00%.

8. The GCB 40 Unit is subject to and governed by (1) the Unit Agreement for Outer Continental Shelf Exploration, Development, and Production Operations on the Green Canyon Block 40 Unit, effective April 1, 2018, Contract No. 754318002 (the “Unit Agreement”), which was approved by the Regional Supervisor of the Office of Production and Development of the Bureau of Safety and Environmental Enforcement, Department of the Interior on July 31, 2018; and (2) the UOA. A true and correct copy of the Unit Agreement is attached to this Declaration as **Exhibit 1**. A true and correct copy of the UOA is attached to this Declaration as **Exhibit 2**.

9. Per both the Unit Agreement and the UOA, Fieldwood is the designated operator for the GCB 40 Unit.

**B. Definitions and Key Provisions of the UOA.**

10. Under Section 6.2 of the UOA, the Operator is required to furnish the other parties to the agreement with an authorization for expenditures (an “AFE”) any time the

estimated costs of an activity or operation are projected to be in excess of \$250,000. An AFE is defined by Section 2.7 of the UOA to mean “an authorization for expenditure consisting of a written description and Cost estimate of a proposed activity or operation accompanying a proposal for that activity or operation.

11. For an activity or operation where the costs are projected to be in excess of \$250,000, but less than \$500,000, the Operator shall provide the AFE for information purposes only. For an activity or operation where the costs are projected to be \$500,000 or more, the Operator shall not undertake the activity or operation proposed unless an AFE has been included in the proposal and the proposal has been approved by vote, election, or unanimous agreement, whichever is applicable, or the Operator is exercising one of its limited discretionary powers under the UOA.

12. Procedures for the payment of the costs set forth in the AFE are described in detail in Exhibit C to the UOA (the “Accounting Procedures”). Per the Accounting Procedures, the Operator, defined as Fieldwood Energy LLC, and the “Non-Operators,” defined as Ridgewood Katmai and ILX Prospect, split the costs and expenses of the “Joint Operations,” which is defined as “all operations necessary or proper for the development, operation, protection, and maintenance of the Joint Property,” according to the detailed terms set forth in the Accounting Procedures. “Joint Property” is defined as “the real and personal property subject to the [UOA].”

13. Joint Operations would in turn be funded by the “Joint Account,” which is defined as “the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.” Per Section 2.42 of the UOA, the Joint Account is at all times maintained by the Operator.

## **WELLBORE OPERATIONS**

### **A. Commencement of Operations**

14. On December 5, 2019, Fieldwood submitted to Ridgewood Katmai and ILX Prospect a proposal for the completion of the GCB 40 No. 1 wellbore, API well number 608114062300. The proposal included AFE No. FW202002 (the “Wellbore AFE”), which estimated the gross costs for completion at \$49,623,320.00. A true and correct copy of the Wellbore AFE is attached to this Declaration as **Exhibit 3**.

15. Ridgewood Katmai, ILX Prospect, and Fieldwood each approved the Wellbore AFE, effective January 6, 2020.

16. Following approval of the Wellbore AFE, Fieldwood contracted with Atlantic for the use of the Valaris drillship ‘Resolute’ (the “Resolute”) to complete GCB 40 No. 1 wellbore, API well number 608114062300 (the “Wellbore Joint Operations”). Consistent with the UOA, the Wellbore Joint Operations were subject to the Accounting Procedures, and a GC40 #1 Joint Account was set up to track all credits and charges relating to the Wellbore Joint Operations.

17. The GC40 #1 Joint Account funded and tracked the costs of the Resolute when the rig commenced the Wellbore Joint Operations at midnight on April 6, 2020 through the Resolute completing Wellbore Joint Operations at 4:00 p.m. on June 4, 2020.

### **B. Cash Advance for Wellbore Joint Operations**

18. Under Section 1, Paragraph 3A of the Accounting Procedures, the Operator may seek a cash advance from the Non-Operators “[i]f gross expenditures for the Joint Account are expected to exceed \$1,000,000 in the next succeeding month’s operations” (emphasis in original). In such circumstances, “the Operator may require the Non-Operators to advance their share of the estimated cash outlay for the month’s operations,” with the advance due at the later

of “thirty (30) days after receipt of the advance request or by the first day of the month for which the advance is required.” The Operator is responsible for adjusting each monthly billing to reflect any advances received from the Non-Operators for that month.

19. In connection with the Wellbore Joint Operations sanctioned by the Wellbore AFE, Fieldwood issued three cash advance invoices to each of Ridgewood Katmai and ILX Prospect in amounts sufficient to satisfy the Non-Operators participating share of the GC40 #1 Joint Account capital expense obligations for April, May, and June.

20. Ridgewood Katmai (owner code RID114) received the following three cash advance invoices from Fieldwood (collectively, the “Ridgewood Katmai Cash Advance Invoices”):

- Invoice #167089 dated April 6, 2020 in the amount of \$10,412,500.00;
- Invoice #168382 dated May 13, 2020 in the amount of \$1,240,000.00; and
- Invoice #168417 dated May 28, 2020 in the amount of \$3,125,000.00.

True and correct copies of the Ridgewood Katmai Cash Advance Invoices are attached to this Declaration as Exhibits 4-A, 4-B, and 4-C.

21. ILX Prospect (owner code ILX101) also received three cash advance invoices from Fieldwood (collectively, the “ILX Prospect Cash Advance Invoices,” and together with the Ridgewood Cash Advance Invoices, the “Cash Advance Invoices”):

- Invoice #167088 dated April 6, 2020 in the amount of \$10,412,500.00;
- Invoice #168381 dated May 13, 2020 in the amount of \$1,240,000.00; and
- Invoice #168416 dated May 28, 2020 in the amount of \$3,125,000.00.

True and correct copies of the ILX Prospect Cash Advance Invoices are attached to this Declaration as Exhibits 5-A, 5-B, and 5-C.

22. In sum, the Cash Advance Invoices required the Non-Operators to pay a total of \$29,555,000.00 to Fieldwood via the GC40 #1 Joint Account for their participating share of

capital expense obligations for the Wellbore Joint Operations. For ease of reference, a true and complete summary of the Cash Advance Invoices and each of the payments made thereto is summarized below:

Fieldwood Cash Call Invoices								
Ridgewood Katmai, LLC (RID114) and ILX Prospect Katmai, LLC (ILX101)								
GC40#1 Completion Operation - Fieldwood AFE: FW202002								
FWE's Owner Code	FWE Invoice #	Invoice Date	Date Invoice Received from FWE	Due Date of Invoice	Amount Due To FWE	Date RID114 and ILX101 paid invoices to FWE	Bank EFT # confirming payment to FWE	Total Combined (RID114/ILX101) Payment to FWE
ILX101	167088	4/6/2020	4/6/2020	5/6/2020	\$10,412,500.00	5/6/2020	EFT000000007163	\$ 20,825,000.00
RID114	167089	4/6/2020	4/6/2020	5/6/2020	\$10,412,500.00	5/6/2020		
					\$20,825,000.00			
ILX101	168381	5/13/2020	5/13/2020	6/12/2020	\$ 1,240,000.00	6/12/2020	EFT000000007347	\$ 2,480,000.00
RID114	168382	5/13/2020	5/13/2020	6/12/2020	\$ 1,240,000.00	6/12/2020		
					\$ 2,480,000.00			
ILX101	168416	5/28/2020	5/28/2020	6/26/2020	\$ 3,125,000.00	6/26/2020	EFT000000007366	\$ 6,250,000.00
RID114	168417	5/28/2020	5/28/2020	6/26/2020	\$ 3,125,000.00	6/26/2020		
					\$ 6,250,000.00			\$ 29,555,000.00

23. Ridgewood initiated payment for each of the Cash Advance Invoices, combining the Ridgewood Katmai and ILX Prospect invoices into one payment where the due dates matched. As a result, Ridgewood sent a total of three payments to Fieldwood totaling \$29,555,000.00 (the “Cash Advance Payments”)—\$14,777,500.00 to satisfy the Ridgewood Katmai Cash Advance Invoices and \$14,777,500.00 to satisfy the ILX Prospect Cash Advance Invoices.

24. Payment confirmation for each of the three Cash Advance Payments can be found in Ridgewood’s bank automated clearing house electronic payment list, a true and correct copy of which is attached to this Declaration as **Exhibit 6**. The bank-issued EFT confirmation number for each of the three Cash Advance Payments is detailed on the chart above. See **Exhibits 6-A**, **6-B**, and **6-C** (true and correct copies of each of these bank-issued EFT confirmation numbers).

25. As required by Section 1, Paragraph 3A of the Accounting Procedures, adjustments were made to the monthly joint interest billing invoices for Ridgewood Katmai and

ILX Prospect to reflect any advances received by the GC40 #1 Joint Account for that month for the Wellbore Joint Operations.

**C. Joint Interest Billing for Wellbore Joint Operations**

26. Under Section 1, Paragraph 2A of the Accounting Procedures, the Operator is required to issue monthly invoices to the Non-Operators on or before the last day of the month for their proportionate share of the charges to the Joint Account for the preceding month (the “JIB Invoices”). The JIB Invoices “shall be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits summarized by appropriate category of investment and expense.” In addition, “[i]ntangible drilling costs and audit exceptions shall be separately and clearly identified.”

27. On June 3, 2020, Ridgewood Katmai and ILX Prospect each received a JIB Invoice for May 2020 from Fieldwood for costs associated with the Wellbore Joint Operations and sanctioned by the Wellbore AFE.

28. Ridgewood Katmai received invoice number RID114052000, dated June 2, 2020 (the “Ridgewood Katmai May JIB Invoice”), which showed that, before adjustments, Ridgewood Katmai’s share of the charges to the GC40 #1 Joint Account for Wellbore Joint Operations was \$2,541,052.72. Following Fieldwood’s adjustment to account for Ridgewood Katmai’s cash advance payments, the Ridgewood Katmai May JIB Invoice showed a balance due of \$0.00. A true and correct copy of the Ridgewood Katmai May JIB Invoice is attached to this Declaration as **Exhibit 7-A**.

29. ILX Prospect received invoice number ILX101052000, also dated June 2, 2020 (the “ILX Prospect May JIB Invoice”), which showed that, before adjustments, ILX Prospect’s share of the charges to the GC40 #1 Joint Account for Wellbore Joint Operations was



\$2,541,053.31. Following Fieldwood's adjustment to account for ILX Prospect's cash advance payments, the ILX Prospect May JIB Invoice showed a balance due of \$0.00. A true and correct copy of the ILX Prospect May JIB Invoice is attached to this Declaration as **Exhibit 7-B**.

30. On June 30, 2020, Ridgewood Katmai and ILX Prospect each received a JIB Invoice for June 2020 from Fieldwood for costs associated with the Wellbore Joint Operations and sanctioned by the Wellbore AFE.

31. Ridgewood Katmai received invoice number RID114062000, dated June 29, 2020 (the "Ridgewood Katmai June JIB Invoice"), which showed that, before adjustments, Ridgewood Katmai's share of the charges to the GC40 #1 Joint Account for Wellbore Joint Operations was \$5,771,326.91. Following Fieldwood's adjustment to account for Ridgewood Katmai's cash advance payments, the Ridgewood Katmai June JIB Invoice showed a balance due of \$0.00. A true and correct copy of the Ridgewood Katmai June JIB Invoice is attached to this Declaration as **Exhibit 7-C**.

32. ILX Prospect received invoice number ILX101062000, also dated June 29, 2020 (the "ILX Prospect June JIB Invoice"), which showed that, before adjustments, ILX Prospect's share of the charges to the GC40 #1 Joint Account for Wellbore Joint Operations was \$5,771,327.45. Following Fieldwood's adjustment to account for ILX Prospect's cash advance payments, the ILX Prospect June JIB Invoice showed a balance due of \$0.00. A true and correct copy of the ILX Prospect June JIB Invoice is attached to this Declaration as **Exhibit 7-D**.

33. On August 5, 2020, Ridgewood Katmai and ILX Prospect each received a JIB Invoice for July 2020 from Fieldwood for costs associated with the Wellbore Joint Operations and sanctioned by the Wellbore AFE.

34. Ridgewood Katmai received invoice number RID114072000, dated August 4, 2020 (the “Ridgewood Katmai July JIB Invoice”), which showed that, before adjustments, Ridgewood Katmai’s share of the charges to the GC40 #1 Joint Account for Wellbore Joint Operations was \$2,235,558.55. Following Fieldwood’s adjustment to account for Ridgewood Katmai’s cash advance payments, the Ridgewood Katmai July JIB Invoice showed a balance due of \$0.00. A true and correct copy of the Ridgewood Katmai July JIB Invoice is attached to this Declaration as **Exhibit 7-E**.

35. ILX Prospect received invoice number ILX101072000, also dated August 4, 2020 (the “ILX Prospect July JIB Invoice”), which showed that, before adjustments, ILX Prospect’s share of the charges to the GC40 #1 Joint Account for Wellbore Joint Operations was \$2,235,558.98. Following Fieldwood’s adjustment to account for ILX Prospect’s cash advance payments, the ILX Prospect July JIB Invoice showed a balance due of \$0.00. A true and correct copy of the ILX Prospect July JIB Invoice is attached to this Declaration as **Exhibit 7-F**.

**D. Reconciliation of the JIB Invoices with the Cash Advance Payments**

36. Ridgewood Katmai and ILX Prospect each maintain independent monthly cash advance reconciliations in the ordinary course of business to ensure that Fieldwood appropriately applies the Cash Advance Payments against the JIB Invoices. True and correct copies of the Ridgewood Katmai and ILX Prospect cash advance reconciliations are attached to this Declaration as **Exhibits 8-A** and **8-B**.

37. As shown in the Ridgewood Katmai cash advance reconciliation, Ridgewood made a total of \$14,777,500.00 in Cash Advance Payments on Ridgewood Katmai’s behalf for costs associated with Wellbore Joint Operations and sanctioned by the Wellbore AFE.

Ridgewood Katmai's total share of costs for the Wellbore Joint Operations, however, totaled \$14,730,231.10, of which \$10,547,938.18 related to the JIB Invoices discussed herein.

38. As shown in the ILX Prospect cash advance reconciliations, Ridgewood made a total of \$14,777,500.00 in Cash Advance Payments on ILX Prospect's behalf for costs associated with Wellbore Joint Operations and sanctioned by the Wellbore AFE. ILX Prospect's total share of costs for the Wellbore Joint Operations, however, totaled \$14,731,838.33, of which \$10,547,939.74 related to the JIB Invoices discussed herein.

### **ATLANTIC'S STATEMENT OF PRIVILEGE**

39. On July 16, 2020, Atlantic recorded a Statement of Privilege in the real property records of Plaquemines Parish, Louisiana, Jefferson Parish, Louisiana, Lafourche Parish, Louisiana, and Terrebonne Parish, Louisiana in the amount of \$6,973,379.03 (the "Statement of Privilege").

40. On July 23, 2020, Atlantic recorded a second Statement of Privilege in the real property records of Plaquemines Parish, Louisiana, Jefferson Parish, Louisiana, Lafourche Parish, Louisiana, and Terrebonne Parish, Louisiana in the amount of \$138,327.52 (the "Supplemental Statement of Privilege").

41. The Statement of Privilege, which was filed at Docket No. 581, Exhibit 11, includes the following invoices:

- Valaris Invoice No. FWD2005247;
- Valaris Invoice No. FWD2006256;
- Valaris Invoice No. FWD2006254;
- Valaris Invoice No. FWD2006255;
- Valaris Invoice No. FWD2006259;
- Valaris Invoice No. FWD2005249;
- Valaris Invoice No. FWD2007268; and,
- Valaris Invoice No. FWD2007266.

42. As seen in the Exhibits 7-A through F attached hereto, Fieldwood discloses in the JIB Invoices each Non-Operator's share of an individual invoice cost. This disclosure is shown as an italicized supplemental expense detail that is shown below each expense item on the JIB Invoice. For ease of reference, as seen in the summary chart below, the JIB Invoices show that each of Ridgewood Katmai and ILX Prospect have paid their entire proportionate share of the costs of the Wellbore Joint Operations that are set forth in the invoices attached to Atlantic's Statement of Privilege.

Invoice No.	Invoice Date	Invoice Amt.	Ridgewood Pd. Amt.	ILX Pd. Amt.	Pd. Reference
FWD2005247	05/13/20	\$265,300.00	\$66,325.00	\$66,325.00	Exs. 7-A, 7-B, pp. 4
FWD2006256	06/08/20	\$678,333.33	\$169,583.33	\$169,583.34	Exs. 7-C, 7-D, pp. 2-4
FWD2006254	06/01/20	\$5,735,000.00	\$1,433,750.00	\$1,433,750.00	Exs. 7-C, 7-D, pp. 2-4
FWD2006255	06/01/20	\$270,900.00	\$67,725.00	\$67,725.00	Exs. 7-C, 7-D, pp. 2-4
FWD2006259	06/15/20	\$6,825.00	\$1,706.25	\$1,706.25	Exs. 7-C, 7-D, pp. 2-4
FWD2005249	05/13/20	\$8,772.79	\$2,193.19	\$2,193.20	Exs. 7-C, 7-D, pp. 2-4
FWD2007268	07/10/20	\$3,890.29	\$972.57	\$972.57	Exs. 7-E, 7-F, pp. 2
FWD2007266	07/09/20	\$4,357.62	\$1,089.40	\$1,089.41	Exs. 7-E, 7-F, pp. 2
<b>TOTAL</b>		<b>\$6,973,379.03</b>	<b>\$1,743,344.74</b>	<b>\$1,743,344.74</b>	

43. The Supplemental Statement of Privilege, which was filed at Docket No. 581, Exhibit 15, includes the following invoices:

- Valaris Invoice No. FWD2007271;
- Valaris Invoice No. FWD2007274; and
- Valaris Invoice No. FWD2007278.

44. As seen in the Exhibits 7-E through F attached hereto, Fieldwood discloses in the JIB Invoices each Non-Operator's share of an individual invoice cost. This disclosure is shown as an italicized supplemental expense detail that is shown below each expense item on the JIB Invoice. For ease of reference, as seen in the summary chart below, the JIB Invoices show that each of Ridgewood Katmai and ILX Prospect have paid their proportionate share of the costs of

the Wellbore Joint Operations that are set forth in the invoices attached to Atlantic's Supplemental Statement of Privilege.

Invoice No.	Invoice Date	Invoice Amt.	Ridgewood Pd. Amt.	ILX Pd. Amt.	Pd. Reference
FWD2007271	07/09/20	\$21,073.50	-	-	Not billed in JIB Invoices
FWD2007274	07/16/20	\$111,367.50	\$27,841.87	\$27,841.88	Exs. 7-E, 7-F, pp. 2
FWD2007278	07/20/20	\$5,886.52	\$1,471.63	\$1,471.63	Exs. 7-E, 7-F, pp. 2
<b>TOTAL</b>		<b>\$138,327.52</b>	<b>\$29,313.50</b>	<b>\$29,313.50</b>	

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: June 2, 2021

/s/ Edward Viterbo  
Edward Viterbo